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INFORMATION REPORT

CONFIDENTIAL

CD NO.

COUNTRY Austria/USSR

DATE DISTR. 1 FEB 50

SUBJECT Sale of USIA Products to Obtain Funds
for Austrian Communist Party

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SUPPLEMENT TO
REPORT NO.

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1. The USIA-controlled firms, Erste Oesterreichische Maschinglasindustrie G.m.b.H., and Klosterneuburger Holzindustrie G.m.b.H., are releasing monthly allocations of window glass and plywood, which are sold to obtain funds for the Austrian Communist Party. The amount of products to be released is specified

25X1 [] by Dmitri SIDOROV, Soviet Director of

25X1 USIA's Construction and Building Materials Administration through []
25X1 [] liaison officer between the Party and this USIA production administra-
tion, to these USIA firms,*

2. [] employee of Erste Oesterreichische Maschinglas-
industrie G.m.b.H. supervises the delivery from this firm of 8,000 square
meters of window glass and the same amount of wire-mesh glass to Jakob Lehner
und Co., Vienna III, Salesianergasse 24, and Guthan & Gärner, Vienna XXI,-
Floridsdorfer Hauptstrasse 33. About 75 percent of this glass is sold by

25X1 Jakob Lehner und Co. Profits from these sales are []

25X1 [] delivers the money to []
25X1 a secretary of [] member of the Austrian Communist Party Central
Committee.

3. In view of USIA's plans to sell its glass products at a price slightly more than cost, it is expected that the income, which the Austrian Communist Party derives from these sales may decrease by 25 percent during January and February 1950.**

4. This reduction in the Party's income may be compensated by an increased allocation of plywood, which is expected to net the Party an estimated 14,000 schillings. Recently USIA headquarters ordered Klosterneuburger Holzindustrie G.m.b.H. to increase its present allocation of plywood and plywood panels to 100 cubic meters of plywood and 50 cubic meters of plywood panels, a 40 percent increase over the amount of plywood sold for the Communist Party during November 1949.

5. It is interesting to note that one [] businessman selling plywood for the Party alleges he turned over a total of 7,831 schillings [] be-
25X1 tween 20 November and 5 December 1949.

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CENTRAL INTELLIGENCE AGENCY

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[REDACTED] USIA plans to prevent the proposed construction of a modern window glass factory at Bischofshofen by dumping the entire output of Erste Oesterreichische Maschinenfabrik on the Austrian market until the market is saturated or glass prices have dropped.

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